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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/066,120

01/31/2002

Paul Reiss

Hartford-7

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PLEVY & HOWARD & DARCY P.C.
P.O. BOX 226
Fort Washington, PA 19034

EXAMINER

LOFTUS, ANN E

ART UNIT

PAPER NUMBER

3694

SHORTENED STATUTORY PERIOD OF RESPONSE	MAIL DATE	DELIVERY MODE
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3 MONTHS

12/20/2006

PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

If NO period for reply is specified above, the maximum statutory period will apply and will expire 6 MONTHS from the mailing date of this communication.

Office Action Summary	Application No. 10/066,120	Applicant(s) REISS, PAUL	
	Examiner Ann Loftus	Art Unit 3694	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 31 January 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-29 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-29 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☒ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 6/6/2002 is/are: a) ☐ accepted or b) ☒ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|---|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date <u>11/13/2006</u> . | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Specification

1. The abstract of the disclosure is objected to because it is 152 words. The maximum length is 150 words. Correction is required. See MPEP § 608.01(b).

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 1-29 are rejected under 35 U.S.C. 101 as being directed to non-statutory subject matter.

Under the Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility, a claimed invention must satisfy the requirement that it be directed to a "practical application," which is to mean "the claimed invention physically transforms an article or physical object to a different state or thing, or ... the claimed invention otherwise produces a useful, concrete and tangible result". If a claim satisfies those questions, then the claim describes eligible subject matter.

In the instant case, the claimed invention does not physically transform an article or a physical object to a different state or thing since the claim is not directed to an article or physical object. Therefore, a relevant test to determine if the eligibility requirement is met is whether the claimed invention as a whole is limited to a useful, concrete and tangible result.

The following definitions are used as guidelines in determining whether the claimed invention produces a useful, concrete and tangible result, as discussed in MPEP 2106 IV C (2).

- Useful – must be specific, substantial and credible and specifically recited in the claim. If the claim is broad enough to not require a practical application, it must be rejected.
- Tangible – must be some “real-world” result, not abstract.
- Concrete – must have a result that can be substantially repeatable or the process must substantially produce the same result again.

Claim 1 recites a step of divesting a portion of the investment vehicles, without specifying how the portion is chosen. This step involves personal judgment, and the results may be quite different depending on which portion is chosen for divesting. The portion could be large or small, so the changes to the holdings could vary considerably. The change may or may not achieve the desired target relation. This step as claimed can produce substantially varying results, therefore the definition of concrete is not met, and the subject matter is not eligible for a patent.

Claim 1 also recites the step of “identifying a liability balance associated with selected ones of said investment vehicles ...” The method of selection is not specified, so that a random selection method may be used which would also produce varying results, and defy the concrete requirement. Furthermore, using a liability balance from a random selection of investment vehicles within the portfolio account could result in a meaningless relation to the asset balance for the account, and thus a useless

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compliance indication. In order for the invention to have utility, there should be a relationship between items included in the liability balance and items included in the asset balance, so that the relation between them is meaningful.

Claims 2-14 inherit the limitations of the parent claim, and are therefore rejected as explained above.

Claim 15 recites "code for identifying a liability balance associated with selected ones of said investment vehicles ..." As above, the method for selection is not specified, resulting in a lack of concrete results and in many cases, a lack of usefulness.

Claims 16-29 inherit the limitations of the parent claim, and are therefore also rejected as explained above.

Claim Rejections - 35 USC § 112

4. The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

5. Claims 15-29 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

Claim 15 recites code for divesting a portion of the investment vehicles, without saying how the portion is chosen. In order to create code for divesting assets, one of

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ordinary skill in the art would need more information on how to choose the assets to be divested. Note that a person of ordinary skill in the art of creating such code would be different from a person of ordinary skill in the art of the method of claim 1, since the former would be a programmer and the latter would be an accountant or finance executive.

Claims 16-29 inherit the limitations of the parent claim, and are therefore rejected as explained above.

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-29 are rejected under 35 U.S.C. 112 as being vague and indefinite.

Claim 1 recites the limitation "identifying an asset balance associated with said a portfolio account." There is insufficient antecedent basis for this limitation in the claim. Although the words "portfolio account" are used in the preamble to explain the purpose of the method, the purpose has no patentable weight. There is no portfolio account created or referred to within the steps of the method to serve as antecedent basis. As a result it is unclear whether the portfolio, and thus the asset balance, spans the fund categories or not. Claim 1 is therefore indefinite.

Claim 1 has another problem in the step where a portion of the investment vehicles is divested. The investment vehicles are associated with a deferred payment liability, not an asset, so it is unclear how they would be divested.

Regarding claims 5,6, and 14, the term "etc." renders the claim indefinite because it is unclear what is included in the claimed invention.

Referring to Claim 2, it is clear how to accumulate balances of investment vehicles. It is unclear, as above, how those investment vehicles are to be selected. It is also unclear how the liability allocation would affect the accumulation. The claim is indefinite due to lack of clarity and therefore rejected.

Referring to claim 3, the investment vehicles are associated with a deferred payment liability, not an asset, therefore it is unclear how the asset balance could be identified by accumulating balances of selected ones of the investment vehicles.

Referring to claim 4, it is unclear what is meant by "said investment vehicles within said investment vehicles." Claim 4 also has the problems mentioned under claim 2 and 3.

Claims 7 - 13 inherit the limitations of the parent and are therefore rejected as explained above.

Claim 15 recites the limitation "identifying an asset balance associated with said a portfolio account."

There is insufficient antecedent basis for this limitation in the claim. Although the words "portfolio account" are used in the preamble to explain the purpose of the method, the purpose has no patentable weight. There is no portfolio account within the steps of the method to serve as antecedent basis. As a result it is unclear whether the portfolio, and thus the asset balance, spans the fund categories or not. Claim 15 is therefore indefinite.

Claim 15 has another problem in the step where a portion of the investment vehicles is divested. The investment vehicles are associated with a deferred payment liability, not an asset, so it is unclear how they would be divested.

Claim 16 is similar to claim 2 above. It is clear how to accumulate balances of investment vehicles. It is also unclear how the asset allocation would affect the accumulation. The claim is indefinite due to lack of clarity and therefore rejected.

Referring to claim 17, the antecedent for fund categories says that the deferred payment is allocated among at least one fund category. It is unclear how accumulating balances from these fund categories would lead to an asset balance.

Referring to claim 18, it is unclear what is meant by "said investment vehicles within said investment vehicles."

Regarding claims 19, 20, and 28, the term "etc." renders the claim indefinite because it is unclear what is included in the claimed invention.

Claims 21 – 27 and 29 inherit the limitations of the parent and are therefore rejected as explained above.

Claim Rejections - 35 USC § 103

6. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

7. Claims 1, 5-15, 19-29 are rejected under 35 U.S.C. 103(a) as being unpatentable over OCC Bulletin 2000-23.

On page 13, OCC 2000-23 teaches hedging a liability created by a deferred payment. It teaches analysis of current and projected asset and liability balances, which would include receiving the allocation of liabilities and identifying the balances. It also teaches establishing a target hedge effectiveness ratio which serves as a known relation between the balances. It teaches measuring this relation and establishing a program to correct imbalance. It also teaches an analysis reporting process which would provide an indication of when the balances were within the known relation.

OCC 2000-23 does not teach divesting a portion of the holdings as a corrective measure. However, official notice is taken that it is an old and well-established business practice for financial institutions to monitor their accounts against guidelines, and to divest holdings in order to bring the accounts into compliance with the guidelines.

Therefore, it would have been obvious to a person of ordinary skill in the art at the time of the invention to correct a violation or imbalance by divesting holdings in order to bring about compliance with a known target relation. A person of ordinary skill in the art in this case would be a person who is responsible for these types of accounts.

Claims 2,3, and 4 have been rejected as unclear. However, the examiner wishes to note that accumulating balances and adding corresponding investment gains and/or losses to the balances are old and well-known practices.

Claims 5 and 6 do not further limit the method in claim 1. Changing the type of investment vehicle would not change the steps of the method. Official notice is taken

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that the investment vehicles listed are old and well-known. It would have been obvious to a person of ordinary skill in the art to consider these as types of investment vehicles because they are common and well known to clients.

Referring to claims 7 and 8, OCC 2000-23 teaches analysis of current and projected asset and liability balances, and reporting of the effect of the hedge on the bank's income statement and capital ratios, showing results both with and without the hedging transaction. It does not specifically teach reporting the balances nor an indication of the relation of the balances. OCC 2000-23 is an official bank regulation from the Office of the Comptroller of the Currency. Official notice is taken that in matters of bank regulations, required analysis would be routinely documented and reported in order to provide enduring material for auditors showing that the required analysis had been done. Official notice is also taken that financial reports organized by investment vehicle are old and well-known. It would have been obvious to a person of ordinary skill in the art to produce a report detailing the liability balance, the asset balance, and an indication of whether they were in compliance with the relation required by the regulation in order to show auditors that the bank was in compliance with the regulation. It would have been obvious to a person of ordinary skill in the art to organize the report by investment vehicle, showing balances and compliance by investment vehicle, since the corrective step of divesting may involve assessing each investment vehicle. The person who chooses which investment vehicle to divest may want to know which ones are not in compliance.

Referring to claims 9,10, 11 and 12, official notice is taken that in the art of financial accounts, checking relations between balances often includes checking for equality or whether one balance exceeds the other. It would have been obvious to a person of ordinary skill in the art at the time of the invention that analysis of the balances should include checking for relations such as equality or whether one balance exceeds the other in order to assess the effectiveness of the hedging.

Referring to claims 13 and 14, sorting the investment vehicles into predetermined groups does not substantially affect the method or the results. Official notice is taken that sorting investment vehicles into groups such as large capital, mid-size, small capital, technology sector, medical sector, or the like is old and well-known. It would have been obvious to a person of ordinary skill in the art at the time of the invention to sort the investment vehicles by market capitalization or industry sector since these groups are familiar and their behavior as a group would be well-known and serve as a benchmark. For example, poor performance by a particular selection of small capital investment vehicles could be explained by the performance of small capital indexes for the time period.

The limitations of the apparatus of claim 15 correspond to the limitations of the steps of claim 1, and it is therefore rejected under the same analysis.

Claims 16-18 have been rejected as unclear. However, the examiner wishes to note that accumulating balances is an old and well-known practice.

Referring to claims 19 and 20, official notice is taken that the investment vehicles noted are old and well-known. It would have been obvious to one of ordinary skill in the

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art to use these types of investment vehicles since they are familiar to clients, management and auditors, and need no explanation.

Referring to claim 21-26, OCC 2000-23 teaches analysis of current and projected asset and liability balances, and reporting of the effect of the hedge on the bank's income statement and capital ratios, showing results both with and without the hedging transaction. It does not specifically teach reporting the balances nor an indication of the relation of the balances. OCC 2000-23 is an official bank regulation from the Office of the Comptroller of the Currency. Official notice is taken that in matters of bank regulations, required analysis would be routinely documented and reported in order to provide enduring material for auditors showing that the required analysis had been done. It would have been obvious to a person of ordinary skill in the art to produce a report detailing the liability balance, the asset balance, and an indication of which balance was greater in order to track and document compliance with the regulation requiring analysis of the balances.

The limitations of the apparatus of claims 27 and 28 correspond to the limitations of the steps of claims 13 and 14, and are rejected under the same analysis.

Referring to claim 29, official notice is taken that the practice of storing code in memory is old and well-known. It would have been obvious to a person of ordinary skill in the art at the time of the invention to store code in memory to enable computers to execute the code.

Conclusion

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8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Ann Loftus whose telephone number is 571-272-7342. The examiner can normally be reached on M-F 8-4.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.


JAMES P. TRAMMELL
SUPERVISORY PATENT EXAMINE
TECHNOLOGY CENTER 3600

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